

State Liquor Dispensary

Analyst: Castro

Historical Summary

OPERATING BUDGET	FY 2005 Total App	FY 2005 Actual	FY 2006 Approp	FY 2007 Request	FY 2007 Gov Rec
BY FUND CATEGORY					
Dedicated	11,397,500	10,876,700	12,075,400	18,123,400	17,940,200
Percent Change:		(4.6%)	11.0%	50.1%	48.6%
BY OBJECT OF EXPENDITURE					
Personnel Costs	7,669,100	7,432,800	8,296,400	8,938,900	8,755,700
Operating Expenditures	3,230,800	3,054,300	3,372,700	3,975,000	3,975,000
Capital Outlay	497,600	389,600	406,300	5,209,500	5,209,500
Total:	11,397,500	10,876,700	12,075,400	18,123,400	17,940,200
Full-Time Positions (FTP)	160.00	160.00	166.00	186.00	186.00

Division Description

The State Liquor Dispensary has the following general powers and duties:

(a) Regulation of Liquor Traffic: To permit, license, inspect, and regulate the manufacture, importation, transportation, storage, sale, and delivery of alcoholic liquor for purposes permitted by law.

(b) Traffic in Liquor: To buy, import, transport, store, sell, and deliver alcoholic liquor.

(c) Operation of Liquor Stores: To establish, maintain, and discontinue warehouses, state liquor stores and distribution stations.

(d) Acquisition of Real Estate: To acquire, buy, and lease real estate, and to improve and equip the same for the conduct of its business.

(e) Acquisition of Personal Property: To acquire, buy, and lease personal property necessary and convenient for the conduct of its business.

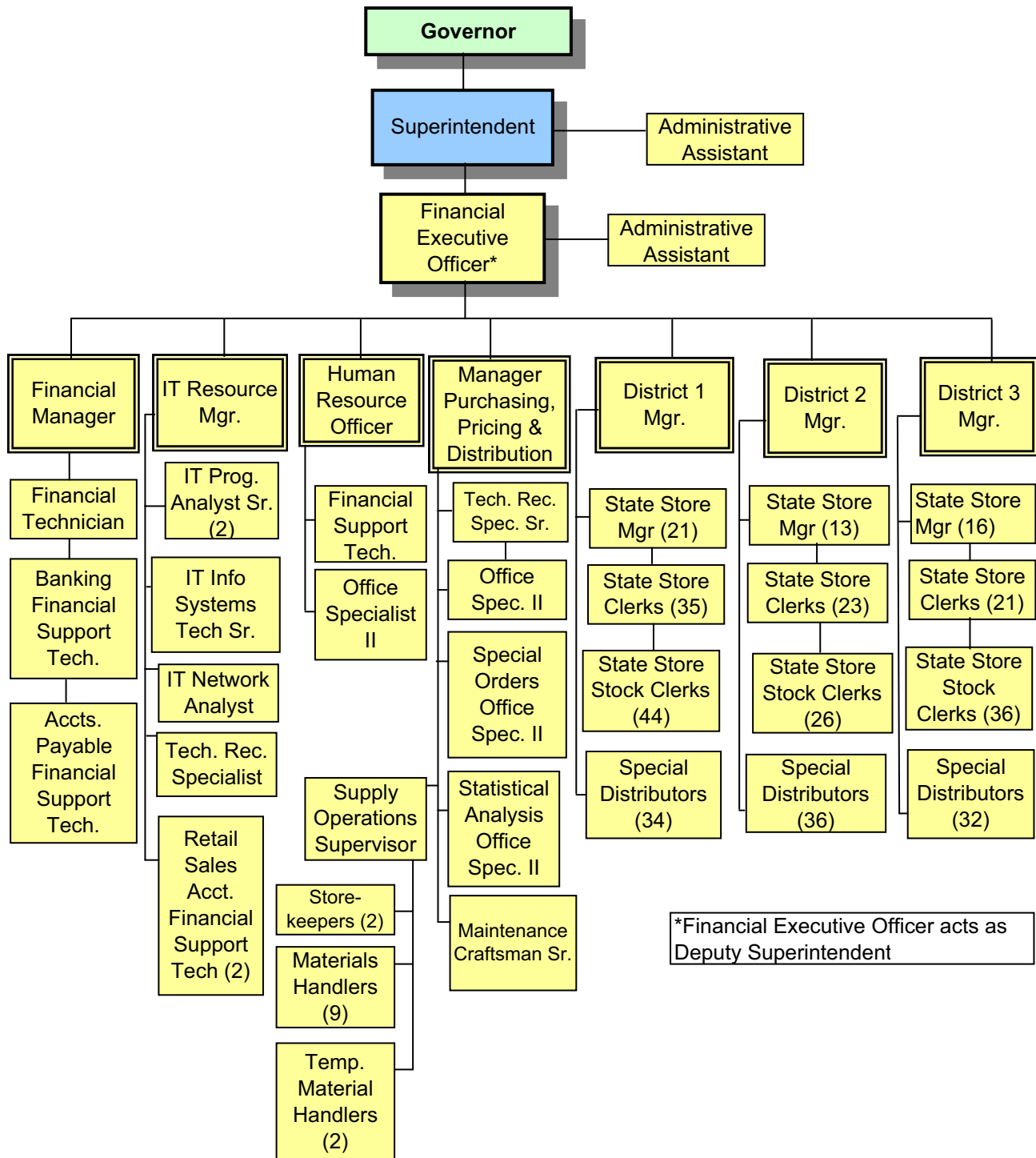
(f) Making Reports: To report to the governor annually, and at such other times as he may require, concerning the condition, management, and financial transactions of the dispensary.

The Liquor Dispensary is charged with exercising its powers as to curtail the intemperate use of alcoholic beverages. It shall not attempt to stimulate the normal demands of temperate consumers of alcohol, irrespective of the effect on the revenue derived by the state from the resale of intoxicating liquor.

[Statutory Authority: Idaho Code §23-201 et seq.]

Liquor Dispensary Agency Profile

Analyst: Castro



*Financial Executive Officer acts as Deputy Superintendent

Sources of Funds

FY 2006
Original*

Liquor Control (0418): Derived from the sale of alcoholic beverages, excise taxes, licenses, permits, fees, profits on sales, sales of equipment and supplies. In addition, all moneys from the purchase of properties, buildings, plants, apparatus, real estate, and securities, including any interest, are included in the Liquor Fund.

\$12,075,400

*Includes \$252,800 for the 27th payroll

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Profit Distribution

Two percent surcharge on liquor sales to the Drug Court and Family Court Services Fund.

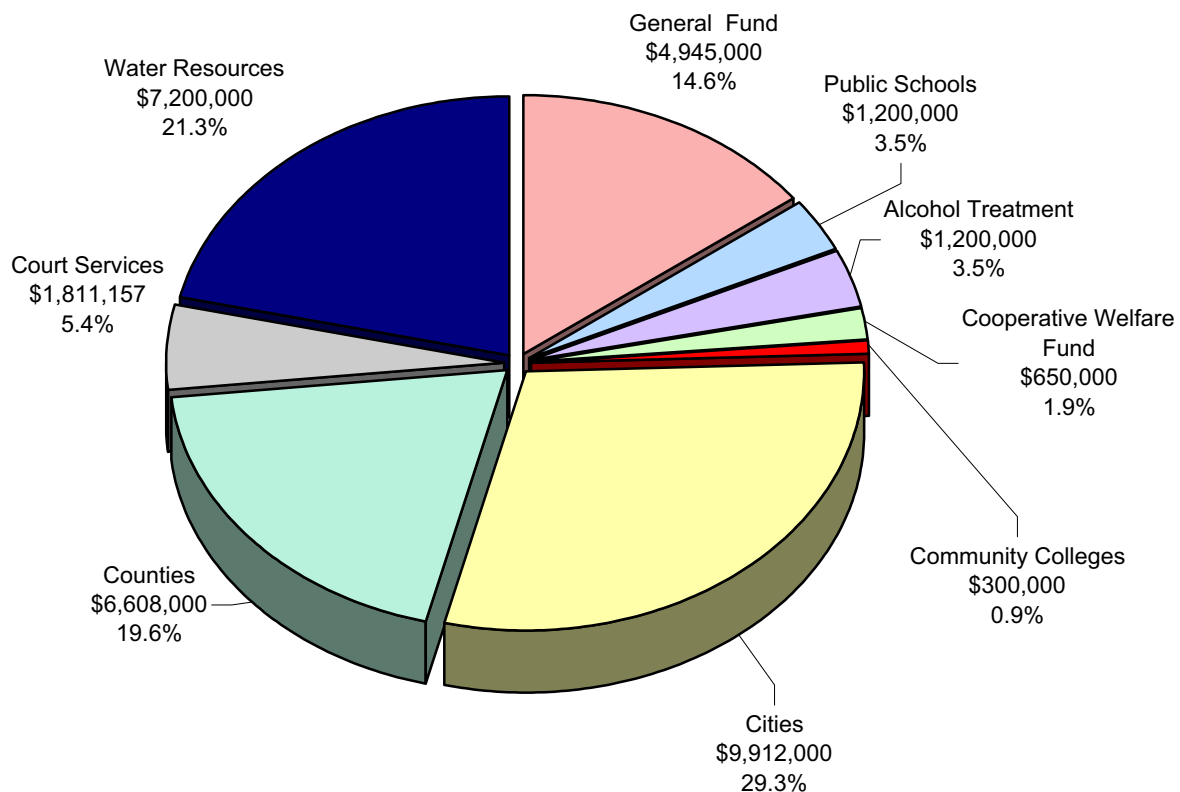
Annual fixed distributions totaling \$8,295,000 to the General Fund, Public Schools, Alcohol Treatment Fund, Cooperative Welfare Fund, and Community Colleges.

A one time appropriation authorized by HB 392 appropriated \$7.2 million to the Water Resources Board Revolving Fund.

Remainder of profits distributed as follows:

- 40% to counties in proportion to sales in each county
- 60% to cities as follows:
 - > 90% to those incorporated cities with liquor stores in proportion to sales
 - > 10% to those incorporated cities without liquor stores in proportion to population

FY 2005 Profit Distribution Total = \$33,826,157 million



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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2006 Original Appropriation	166.00	0	12,075,400	166.00	0	12,075,400
HB 395 One-time 1% Salary Increase	0.00	0	64,000	0.00	0	64,000
Omnibus CEC Supplemental	0.00	0	0	0.00	0	75,300
FY 2006 Total Appropriation	166.00	0	12,139,400	166.00	0	12,214,700
Removal of One-Time Expenditures	0.00	0	(723,100)	0.00	0	(723,100)
FY 2007 Base	166.00	0	11,416,300	166.00	0	11,491,600
Benefit Costs	0.00	0	124,900	0.00	0	(188,700)
Inflationary Adjustments	0.00	0	60,900	0.00	0	60,900
Replacement Items	0.00	0	396,000	0.00	0	396,000
Statewide Cost Allocation	0.00	0	25,000	0.00	0	25,000
Change in Employee Compensation	0.00	0	65,200	0.00	0	120,300
Nondiscretionary Adjustments	0.00	0	69,800	0.00	0	69,800
FY 2007 Program Maintenance	166.00	0	12,158,100	166.00	0	11,974,900
1. Six Additional Stores	12.00	0	1,146,400	12.00	0	1,146,400
2. Additional Staffing	8.00	0	318,900	8.00	0	318,900
3. Warehouse Improvements	0.00	0	4,500,000	0.00	0	4,500,000
FY 2007 Total	186.00	0	18,123,400	186.00	0	17,940,200
Change from Original Appropriation	20.00	0	6,048,000	20.00	0	5,864,800
% Change from Original Appropriation			50.1%			48.6%

State Liquor Dispensary

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2006 Original Appropriation	166.00	0	12,075,400	0	12,075,400

HB 395 One-time 1% Salary Increase

Reflects a one-time 1% Change in Employee Compensation (CEC) increase.

Agency Request	0.00	0	64,000	0	64,000
Governor's Recommendation	0.00	0	64,000	0	64,000

Omnibus CEC Supplemental

Agency Request	0.00	0	0	0	0
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The Governor's FY 2007 recommendation is a 3% ongoing increase in employee compensation (CEC), based on merit, to commence in FY 2006 with the January 29 pay period. This will allow agencies to fund employee compensation increases for ten pay periods prior to the end of the current fiscal year. Funding for the remaining 16 pay periods is provided in the FY 2007 CEC.

Governor's Recommendation	0.00	0	75,300	0	75,300
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FY 2006 Total Appropriation					
Agency Request	166.00	0	12,139,400	0	12,139,400
Governor's Recommendation	166.00	0	12,214,700	0	12,214,700

Removal of One-Time Expenditures

Removes \$64,000 in funding provided for HB395; \$252,800 in funding provided for the 27th pay period, and \$406,300 in funding provided for capital outlay.

Agency Request	0.00	0	(723,100)	0	(723,100)
Governor's Recommendation	0.00	0	(723,100)	0	(723,100)

FY 2007 Base					
Agency Request	166.00	0	11,416,300	0	11,416,300
Governor's Recommendation	166.00	0	11,491,600	0	11,491,600

Benefit Costs

Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 6.1% or \$436 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include minor adjustments in unemployment insurance rates and workers compensation rates.

Agency Request	0.00	0	124,900	0	124,900
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Removes the PERSI rate increase and changes benefit costs to reflect a 3.5% or \$250 per FTP increase in health insurance costs. However, the change in health insurance providers, from Blue Shield to Blue Cross, has created a one-time opportunity to use unexpended reserves from the previous contract. This decision unit provides for a health insurance premium reduction equal to two month's premiums for both the employer and employee. Finally, a life insurance holiday is included equal to seven month's premium for the employer's share only.

Governor's Recommendation	0.00	0	(188,700)	0	(188,700)
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Inflationary Adjustments

Includes a general inflationary increase of 1.9% in operating expenditures.

Agency Request	0.00	0	60,900	0	60,900
Governor's Recommendation	0.00	0	60,900	0	60,900

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Replacement Items					
Capital replacement request includes a vehicle (\$30,000); relocation of a store (\$45,000); remodeling, painting, and carpeting state stores (\$201,000); shelves (\$21,000); point-of-sale system (\$49,500); and servers (\$25,000).					
Operating replacement request includes an upgrade to Microsoft Vista Adobe software (\$5,000) and licensing, maintenance, and support contracts for new software (\$19,500).					
Agency Request	0.00	0	396,000	0	396,000
Governor's Recommendation	0.00	0	396,000	0	396,000
Statewide Cost Allocation					
The Statewide Cost Allocation Plan assesses state agencies for their actual use of Attorney General, State Controller and State Treasurer services and includes changes in property and casualty insurance premiums. This decision unit also includes changes in fees charged for legislative audits and changes in the cost of office space leased to state agencies by the Department of Administration.					
Agency Request	0.00	0	25,000	0	25,000
Governor's Recommendation	0.00	0	25,000	0	25,000
Change in Employee Compensation					
Calculated cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	0	65,200	0	65,200
<i>Provides funding for the remaining 16 pay periods to annualize the 3% ongoing change in employee compensation recommended in the omnibus CEC supplemental.</i>					
Governor's Recommendation	0.00	0	120,300	0	120,300
Nondiscretionary Adjustments					
Includes contractual rent increases in 54 state liquor store leases. All stores are privately owned and leased under long term operating leases with periodic rent bumps.					
Agency Request	0.00	0	69,800	0	69,800
Governor's Recommendation	0.00	0	69,800	0	69,800
FY 2007 Program Maintenance					
Agency Request	166.00	0	12,158,100	0	12,158,100
Governor's Recommendation	166.00	0	11,974,900	0	11,974,900
1. Six Additional Stores					
Provide one additional State Liquor Store each in Hayden, Meridian, Boise, Pocatello, Moscow, and Twin Falls. Request includes a store manager and store clerk position for each store. The breakout of costs is \$432,600 in on-going personnel costs; \$410,800 in on-going operating costs; and \$303,000 in one time capital outlay costs.					
Agency Request	12.00	0	1,146,400	0	1,146,400
Governor's Recommendation	12.00	0	1,146,400	0	1,146,400
2. Additional Staffing					
Provide one District Manager, one Shipping/Receiving Material Handler, and six Liquor Store Clerk positions. The breakdown of costs is \$272,600 in on-going personnel costs; \$11,300 in on-going operating expense; and \$35,000 in one time funding for capital outlay costs.					
Agency Request	8.00	0	318,900	0	318,900
Governor's Recommendation	8.00	0	318,900	0	318,900

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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3. Warehouse Improvements

This request is to expand the warehouse, update material handling systems, and automate warehouse operations. The cost of expanding the warehouse by 18,000 square feet and remodeling the existing liquor storage areas is estimated at \$2,220,649; the cost of updating the materials handling system to an automated storage and retrieval system is approximately \$1,879,351. And the cost of purchasing the warehouse management software and hardware is estimated at \$400,000.

Agency Request	0.00	0	4,500,000	0	4,500,000
<i>Governor's Recommendation</i>	<i>0.00</i>	<i>0</i>	<i>4,500,000</i>	<i>0</i>	<i>4,500,000</i>

FY 2007 Total					
Agency Request	186.00	0	18,123,400	0	18,123,400
<i>Governor's Recommendation</i>	<i>186.00</i>	<i>0</i>	<i>17,940,200</i>	<i>0</i>	<i>17,940,200</i>

Agency Request

Change from Original App	20.00	0	6,048,000	0	6,048,000
% Change from Original App	12.0%		50.1%		50.1%

Governor's Recommendation

<i>Change from Original App</i>	<i>20.00</i>	<i>0</i>	<i>5,864,800</i>	<i>0</i>	<i>5,864,800</i>
<i>% Change from Original App</i>	<i>12.0%</i>		<i>48.6%</i>		<i>48.6%</i>